

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

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OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08

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FM USMISSION OECD PARIS

TO AMEMBASSY BONN

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C O N F I D E N T I A L SECTION 1 OF 2 OECD PARIS 18215

E.O. 11652: GDS
TAGS: ENRG, OECD
SUBJECT: MEETING OF HIGH-LEVEL GROUP OF OECD OIL COMMITTEE,
JUNE 12, 1973

FOLLOWING IS REPORT OF UNDER SECRETARY CASEY, WHO
WAS U.S. REPRESENTATIVE AT SUBJECT MEETING.

FOR ACTION ADDRESSEES: SUBSTANCE THIS REPORT MAY BE
MADE AVAILABLE TO AND/OR DISCUSSED WITH OFFICIALS
OF YOUR HOST GOVERNMENT, WHICH IS MEMBER OF HLG.

1. SUMMARY. THE HIGH-LEVEL GROUP OF THE OIL COMMITTEE
(HLG) ACCEPTED, FOR THE MOST PART WITH ENTHUSIASM, THE
BASIC ELEMENTS OF THE US POSITION ON THE DEVELOPMENT
OF COOPERATION ON OIL POLICIES WITHIN THE OECD. IT
ASKED CERTAIN MEMBERS OF THE HLG, INCLUDING EUROPEANS
AND NON-EUROPEANS, TO TAKE A RELATIVELY QUICK BUT INTEN-
SIVE LOOK AT THE ISSUES INVOLVED IN THE DEVELOPMENT OF
AN OECD-WIDE SCHEME FOR THE SHARING OF OIL IN CASES OF
EMERGENCY CURTAILMENT OF SUPPLY. IN VIEW OF THE
INTEREST EXPRESSED BY THE HLG, THE SECRETARIAT WILL
PREPARE A CONCRETE PROPOSAL TO EMBODY THE US SUGGESTION
THAT THE OECD UNDERTAKE AN INVENTORY AND EXCHANGE OF
INFORMATION ON ENERGY RESEARCH AND DEVELOPMENT PROJECTS.
THE HLG ITSELF PLANS TO HAVE MORE FREQUENT, INFORMAL
MEETINGS TO FACILITATE CONSULTATIONS AND EXCHANGES OF
INFORMATION ON THE BROADER ISSUES OF COOPERATION AMONG
CONSUMER COUNTRIES ON OIL POLICIES. END SUMMARY.

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WM AT THE REQUEST OF CHAIRMAN WANSINK, I LED OFF THE
SUBSTANTIVE PORTION OF THE MEETING. I GAVE A BRIEF
OVERVIEW OF THE INTERNATIONAL OIL SITUATION FOLLOWED BY
A DETAILED EXPOSITION OF OUR VIEWS ON THE POSSIBILITIES
AND LIMITS OF COOPERATION ON OIL MATTERS. (TEXT OF
THIS STATEMENT SENT USOECD 16178.) THE RESPONSE TO
STATEMENT WAS HIGHLY POSITIVE. VIRTUALLY ALL DELEGATIONS
WARMLY ENDORSED OUR MAJOR PROPOSALS AS WELL AS OUR

ANALYSIS OF THE BASIC PROBLEMS CONFRONTING OECD MEMBERS
AS OIL CONSUMERS.

3. I SINGLED OUT THE DEVELOPMENT OF AN EFFECTIVE OECD-WIDE MECHANISM FOR SHARING THE LOSS OF OIL IN CASES OF EMERGENCY CURTAILMENT OF SUPPLY AS ONE OF THE MATTERS FOR IMMEDIATE ATTENTION IN THE OECD, AND PROPOSED THAT AN INFORMAL WORKING GROUP BE DRAWN FROM THE HLG MEMBERSHIP TO DEVELOP AND EVALUATE THE VARIOUS OPTIONS AVAILABLE TO US, INCLUDING APPROPRIATE RELATIONSHIPS BETWEEN SHARING, STOCKPILING AND RATIONING. IN COURSE GENERALLY FAVORABLE REACTION TO US STATEMENT, FRANCE EXPRESSED RESERVATION ABOUT LIMITING SHARING ARRANGEMENT TO WATER-BORNE IMPORTS. THE HLG DESIGNATED THE US, CANADA, JAPAN, THE EC COMMISSION, FRANCE, THE NETHERLANDS, AND NORWAY TO UNDERTAKE A DETAILED STUDY AND TO REPORT TO THE HLG BY OCTOBER 15. LIMITATION OF MEMBERSHIP POSSIBLE BECAUSE EC COUNTRIES AGREED TO BE REPRESENTED BY EC COMMISSION, FRANCE AND NETHERLANDS, A SIGNIFICANT ADVANCE OVER THEIR PREVIOUSLY DEMONSTRATED ATTITUDES ON ENERGY POLICY. THOUGH JAPAN WAS SOMEWHAT UNCOMFORTABLE OVER SETTING A SPECIFIC DATE FOR A REPORT OF THE WORKING GROUP, IT DID AGREE TO PARTICIPATE ACTIVELY IN THE WORK.

4. ANOTHER ROLE I SUGGESTED FOR THE OECD WAS TO PROVIDE FOR AN INVENTORY AND EXCHANGE OF INFORMATION ON RESEARCH AND DEVELOPMENT PROJECTS IN THE ENERGY FIELD. AFTER MEMBERS OF THE HLG EXPRESSED THEIR WILLINGNESS TO CONSIDER PARTICIPATION IN A SUITABLE SCHEME, SECRETARY-GENERAL VAN LENNEP UNDERTOOK TO HAVE THE SECRETARIAT DEVELOP A CONCRETE PROPOSAL.

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TM WITH RESPECT TO COOPERATION OF A BROADER NATURE, WHICH I SUPPORTED STRONGLY, I STRESSED THE NEED TO PROCEED IN A PRAGMATIC AND CAUTIOUS MANNER, BILATERALLY OR MULTILATERALLY AS APPROPRIATE. I NOTED THE NEED TO DESIGN MEASURES OF INTERNATIONAL COOPERATION TO INCLUDE PRODUCING AS WELL AS CONSUMING NATIONS, FOR EXAMPLE IN RELATION TO THE GROWING FINANCIAL RESOURCES OF OIL PRODUCING COUNTRIES. I CALLED ATTENTION TO THE CONTINUED VITAL IMPORTANCE OF THE ROLE OF THE OIL COMPANIES, ALONG WITH THE DANGERS OF DESTRUCTIVE COMPETITION.

6. I CONCLUDED THAT INTENSIFIED CONSULTATIONS AMONG CONSUMER COUNTRIES ARE NECESSARY, AS WELL AS THE AVOIDANCE OF MISUNDERSTANDINGS THAT COULD LEAD TO A COMPETITIVE SCRAMBLE FOR EXCLUSIVE ARRANGEMENTS. AS

A FIRST STEP, I SUGGESTED MORE FREQUENT, INFORMAL
MEETINGS OF THE HLG.

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7. THE OTHER MEMBERS OF THE HLG RESPONDED VERY FAVORABLY TO THIS BASIC APPROACH, THOUGH INDIVIDUAL COUNTRIES INDICATED CERTAIN DIFFERENCES OF EMPHASIS AND CERTAIN PARTICULAR INTERESTS. GERMANY AND ITALY FOR EXAMPLE REPEATED THEIR WELL-KNOWN VIEWS ON THE NEED FOR AN INCREASED ROLE FOR THEIR NATIONAL OIL COMPANIES, WHILE FRANCE, WHICH LED OFF THE RESPONSES SUPPORTING MY STATEMENT AND THE CONCEPT OF COOPERATION, CALLED ATTENTION TO THE PROBLEM OF ASSURING SUFFICIENT INVESTMENT FOR THE DEVELOPMENT OF ADEQUATE OIL SUPPLIES.

8. THE PROCEDURAL OUTCOME OF THIS PORTION OF THE DISCUSSION WAS ACCEPTANCE OF THE SUGGESTION FOR MORE FREQUENT MEETINGS OF THE HLG. THE NEXT MEETING WAS SCHEDULED FOR SEPTEMBER 11. TO FACILITATE EXCHANGE OF VIEWS AND INFORMATION AT THAT MEETING, THE SECRETARIAT WILL PREPARE A NOTE BASED ON ELEMENTS DRAWN FROM THE LAST TWO PAGES OF THE ASSESSMENT GROUP REPORT ON OIL SUPPLY AND DEMAND PROBLEMS AND PROSPECTS TO 1980. AN ADDITIONAL MEETING OF THE HLG WILL BE HELD IN NOVEMBER, IN CONJUNCTION WITH THE NEXT MEETING OF THE OIL COMMITTEE.

9. UNDER VARIOUS ITEMS ON THE AGENDA, THE HLG APPROVED THE FIRST NINE PAGES OF THE ASSESSMENT GROUP REPORT, WITH MINOR AMENDMENTS, FOR SUBMISSION TO THE COUNCIL, AND RE-ELECTED WANSINK (NETHERLANDS) AS ITS CHAIRMAN.

10. SIGNED: CASEY.
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